

OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES CITY OF LANSING EMPLOYEES RETIREMENT SYSTEM

Regular Meeting
City Council Conference Room
10th Floor, City Hall
Lansing, MI

March 20, 2014
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:34 a.m.

Present: Boles, Dedic, Kraus, McCaffery, D. Parker, M. Parker, Taylor – 7
Absent: Trustee Bernero, Munroe

Others: Karen E. Williams, Finance Department; Attorney Kenneth Lane, Clark Hill
(representing the City Attorney's Office).

It was moved by Trustee Kraus and supported by Trustee M. Parker to approve the Official Minutes of the Joint Police and Fire Retirement System and the Employees' Retirement System Board Regular Meeting of February 18, 2014.

Adopted by the following vote: 7 – 0

It was moved by Trustee Kraus and supported by Trustee McCaffery to approve the Official Minutes of the Employees' Retirement System Regular Meeting of February 20, 2014.

Adopted by the following vote: 7- 0

There were no public comments.

Secretary's Report. 6 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total active membership: 314. Total deferred: 64. 3 death(s) Patricia Erzen, died 2/16/2014, age 69, spouse of UAW member; Virginia Spadafore, (Public Service/Teamster, retired 8/1/1989), died 2/26/2014, age 91, no beneficiary; Garland P. Martell, (Public Service/UAW, retired 4/17/2002), died 3/7/2014, age 62, beneficiary to receive 100%. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of February 2014, amounted to \$1,775,244.92. Total retirement checks printed for the ERS System: 891. Eligible domestic relations orders received: 1. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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Trustee Boles inquired about pending Eligible Domestic Relations Orders (EDROs). Karen Williams explained that EDROs are certified and calculated by the Board's actuary. Karen Williams reviewed the process regarding how EDROs are implemented.

It was moved by Trustee Kraus and supported by Trustee M. Parker to approve the following requests for Regular Age & Service Retirement:

Mark Colby (Finance/Teamster) – 15 years, 10 months of service credits, age 58, effective March 1, 2014.(from Deferred)

Jane Dykema (Public Service/Teamster) – 25 years of service, age 56, effective March 15, 2014 (with purchase of 4 years, 3 months of service credits)

Adopted by the following vote: 7 - 0

Karen Williams reported that the Retirement Office received a Request for Duty Disability Retirement from Applicant #2014-E0320.

The duty disability request for Applicant #2014-E0320 was referred to the disability subcommittee.

Karen Williams reported that Applicant #2013-E1017 request for non-duty disability was listed as pending. The Retirement Office received the applicant's documentation and it was forwarded to the Medical Director to schedule an evaluation.

There were no requests for refunds of accumulated contributions.

Karen Williams reported that Trustee Munroe contacted the Retirement Office and requested to be excused from the Employees Retirement System Board meeting.

It was moved by Trustee Boles and supported by Trustee Taylor to excuse Trustee Munroe from the March Employees' Retirement System Board meeting.

Adopted by the following vote: 7 - 0

Ms. Williams discussed the MAPERS Spring Conference, scheduled for May 18-20, 2014. Ms. Williams informed the trustees that the deadline for early registration would be April 18, 2014.

Ms. Williams reported that Trustee Boles and Trustee Dennis Parker requested Board credit cards.

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It was moved by Trustee Taylor and supported by Trustee Mark Parker for Trustee Boles and Trustee Dennis Parker to have a Board credit card.

Trustee Kraus requested that with the increase of number of credit cards, it is important to be keep receipts and submit them in a timely manner.

Adopted by the following vote: 7 – 0

Attorney Lane distributed updates to the Trustee Handbook. Attorney Lane reviewed the provision in Public Act 314 to review the travel policy amounts on a yearly basis. The Employees' Retirement System current limits are \$6,000 for out-of-state travel and \$4,000 for in-state travel per trustee.

It was moved by Trustee Kraus and supported by Trustee Mark Parker to keep the current trustee travel amounts for the year.

Adopted by the following vote: 7 - 0

Attorney Ken Lane discussed the Unfunded Accrued Liability Plan portion of the Michigan's EVIP program. Attorney Lane described that to receive revenue sharing from the State of Michigan Department, the City will need to certify for the Michigan Department of Treasury by June 1, 2014 that there is an Unfunded Accrued Liability Plan.

The Unfunded Accrued Liability Plan will include a description of previous actions taken, estimated cost savings, description of how previous actions were implemented and maintained and a listing of additional steps that could be taken. Attorney Ken Lane stressed the importance of having a timely actuarial valuation.

Karen Williams discussed the proposed due diligence visit to Asset Consulting Group. The Employees Retirement System requested additional dates in June or July for the due diligence trip, in order for more trustees to attend. Ms. Williams will contact Asset Consulting Group and provide additional dates at the next meeting.

Karen Williams reported that a memo from Ms. Angela Bennett was received for the Employees' Retirement System. The memo detailed the FY 2014 Employees' Retirement System Pension Contribution stating: On March 6, 2014, \$761,009 was transferred by the City to the Employees' Retirement System for the balance of the FY 2014 contribution. That amount, combined with the \$8,600,000 amount contributed November 1, equals the FY 2014 actuarial valuation-calculated contribution amount of \$9,361,009.

It was moved by Trustee Mark Parker and supported by Trustee Dennis Parker to recognize the FY 2014 Employees' Retirement System Pension Contribution balance.

Adopted by the following vote: 7 – 0.

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Trustee Kraus discussed amendments to the quarterly expenses report that would include a cumulative year-to-date total. Karen Williams requested that members review the report and provide suggestions and changes to Trustee Kraus.

Karen Williams provided an update of the Arrivos Pension Software implementation. Tegrit has requested approval to implement the hosting agreement upon completion of Phase 2 of the project. Tegrit believes going live will save money and time and provide benefits in implementing the City's death audit and increasing the effectiveness of user testing. The Retirement Boards will split the cost of \$4000 per month.

It was moved by Trustee Mark Parker and supported by Trustee Dennis Parker to approve implementation of the hosting agreement.

Adopted by the following vote: 7 – 0.

Trustee Mark Parker reported to the Employees Retirement System that the software project implementation will be delayed due to resource constraints at Tegrit. Tegrit had discussed this delay with the previous project sponsor. The resource that Tegrit is expecting to complete the calculators will not be available until July.

Trustee Scott Dedic left the meeting. Trustee Mark Parker chaired the remainder of the meeting.

Karen Williams reviewed the quarterly cash flow withdrawals that were approved at the February Joint Meeting. Asset Consulting Group recommended the Board redeem \$1,800,000 from the Northern Trust S& P 500 Index portfolio and redeem \$4,000,000 from the TRowe Price portfolio. The Employees' Retirement System Board also redeemed \$50,000 from the Northern Trust Securities Lending Account for administrative expenses.

Karen Williams reported to the Employees' Retirement System Board that the Invesco investment will be liquidated to fund the Board's new International manager, Lazard. Attorney Ken Lane reported that the funding of Lazard is scheduled for March 31, 2014.

Trustee Boles inquired if the Invesco redemption amount was known. Karen Williams reported that the redemption amount will be calculated at market value on March 31. Asset Consulting Group will provide the information to the Board for its next meeting.

Karen Williams informed the Retirement Board that the authorized signers list had not been updated in a few years. This list is often requested by investment manager. Ms. Williams inquired if the Board would like to make any changes to the list.

Attorney Ken Lane reported that Scott Dedic is listed as the chair and Antonia Kraus as the treasurer. Attorney Lane thought it would be a good idea to keep the list of authorized signers updated.

It was moved by Trustee Boles and supported by Trustee Taylor to approve Trustee Scott Dedic and Trustee Antonia Kraus as authorized signers.

Adopted by the following vote: 6 – 0.

Karen Williams reviewed the monthly investment report and securities lending report for the month of February 2014.

It was moved by Trustee Boles and supported by Trustee McCaffery to adjourn the meeting.

Adopted by the following vote: 6 – 0.

The meeting adjourned at 9:06 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Scott Dedic, Chairperson
Employees' Retirement System